

# Adapting and Thriving in the Age of Client-Driven Customization

**In an age of endless choice, reinsurance buyers expect more. The amount of customization has never been greater, which I see as a positive trend. But this is nothing new for Holborn.** It is, in fact, the very foundation of our organization. Today's rapidly changing environment means it's more important than ever to listen to and respond to our clients.

## THE BIG 4

Recently, someone asked me to name the three biggest requests we're hearing from clients. I wasn't able to limit it to three. So here are the big four.

**Coverage enhancements.** We're all pleased to see the U.S. economy rebounding; however, with this upswing comes a need for clients to keep pace with growing exposures, including cyber risk and drones.

**Aggregate excess.** A number of clients are requesting this coverage, which historically has been difficult or not practical to acquire. I believe 2015 will set records for the purchase of this coverage.

**Locked-in capacity.** Buying reinsurance was often comparable to filing tax returns, with most clients waiting until the deadline to complete their purchases. Now, we're seeing more clients emphasizing the security of locking in their reinsurance programs in advance, some as early as September, rather than shopping for last-minute bargains. A growing number of our clients are now purchasing multi-year coverages as well.

**Price.** This isn't surprising since, for most companies, reinsurance is the second largest expense. We have a number of clients that want to be rewarded for positive results through rate reductions and clients that have had a bad experience want to be treated equitably.

## OUT IN THE FIELD

How does this growing emphasis on customization play out as we work with clients? One Holborn client – a true multiline insurance company serving small businesses across the United States and selling property/casualty as well as health and life insurance to its employees – is prepared to accept lower profitability on life and health policies to secure greater policyholder loyalty and profitability on its property/casualty business.

For clients like this, it's important to work with them over a period of years to customize – there's that word again – their reinsurance programs and the surrounding services to their specific business plans. Some clients want to focus on portfolio optimization and are willing to accept more risk. Others want their earnings smoothed out. All want security in order to sleep at night.

## MODELING TO FIT CLIENT NEEDS

The past few years, Holborn and a decades-long client that offers an array of reinsurance products to its own clients have collaborated to develop a pricing tool that allows the insurer to quickly and easily leverage the insights from multiple industry-based exposure tools and the vast quantities of data from actual experience to offer its clients a more-tailored and accurate product.

This is a hugely complex actuarial exercise, but it is one our client believes its future depends on. I must emphasize that success with a project of this type depends on running models with complete data. There's no point in attempting to interpret model results based on incomplete or inaccurate data. It also relies on utter trust and teamwork between our team and our client's team.

## EMPOWERMENT THROUGH REINVESTMENT

Our capacity to meet clients' challenging needs originates with reinvestment. Privately held and 100-percent owned by our employees, Holborn has reinvested profits with discipline ... a practice that's paying off in today's market.

During the past dozen years, our reinvestment initiatives have focused on two areas: technology – including customized modeling along with proprietary analytics like our Eye-in-the-Sky product – and, even more so, hiring and training a quality mix of savvy industry veterans and promising young talent to develop and manage these areas.

Holborn turns 100 in 2020. One key lesson we've learned through the generations – and one that's allowed us to survive and thrive – is to invest in technology and employees while emphasizing the trust developed through long-term client relationships. It's a balancing act we plan to continue for another century.®



Holborn is an independent reinsurance brokerage firm, offering advanced analytic tools, global market access, and responsive account services to clients across the United States.